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DIRECTOR OF CENTRAL INTELLIGENCE

FILE COPY

Deputies Committee Meeting

REGIONAL ISSUES

FINANCIAL SECTOR

(b)(1)
(b)(3)

UPDATE ON BLACKLIST/WHITELIST

BLOCKED ASSETS

Tuesday
11 March 2003

(b)(1)
~~SECRET~~ (b)(3)

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~~(C//NF)~~ Deputies Committee Meeting
on
Regional Issues

11 March 2003

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[redacted] (b)(1) (b)(3)

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(Materials not received as of 1830, 10 March 2003)

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TAB A

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Financial Sector:

Objectives, Actions and Issues for Decision

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Financial Sector

Comprised of the Central Bank, Ministry of Finance, public and private financial institutions (banks, insurance companies, stock market and directed lending institutions)

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Objectives

- Sound management of financial sector critical to stabilizing economy
- Avoid financial chaos (hyperinflation, frozen payments system)
- Ensure that essential financial services are provided in preparation for an orderly transition to Iraqis
- Secure Iraqi assets (inside and outside Iraq) for the benefit of the Iraqi people
- Initiate policies to:
  - Restore confidence in the Iraqi financial system
  - Strengthen financial institutions to support Iraq's reconstruction and development
  - Embed transparency as central feature of Iraqi financial system.
  - Combat terrorist financing

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Essential Steps

- Implement a **currency regime**
- Ensure functioning of a **payments system** to pay civil service salaries, pensions and government contracts
- Identify domestic **revenue** sources:
  - Customs duties
  - Taxes and fees
  - Oil revenues
- Establish a government **budget**
- Secure **financial assets** and prevent looting
- Decide on what to do with **frozen assets**

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Management of the Financial Sector under the Civil Administration

Civil Administration needs immediate, sufficient control to manage financial sector

- Need a **structure** that ensures:
  - a consistent approach to financial issues and policies
  - accountability vested in a world-class individual
  - international and regional participation
- Need a **process** that implements:
  - confidence-building policies
  - preparations for international financial support
  - an orderly return of the banks at the end of the transitional period

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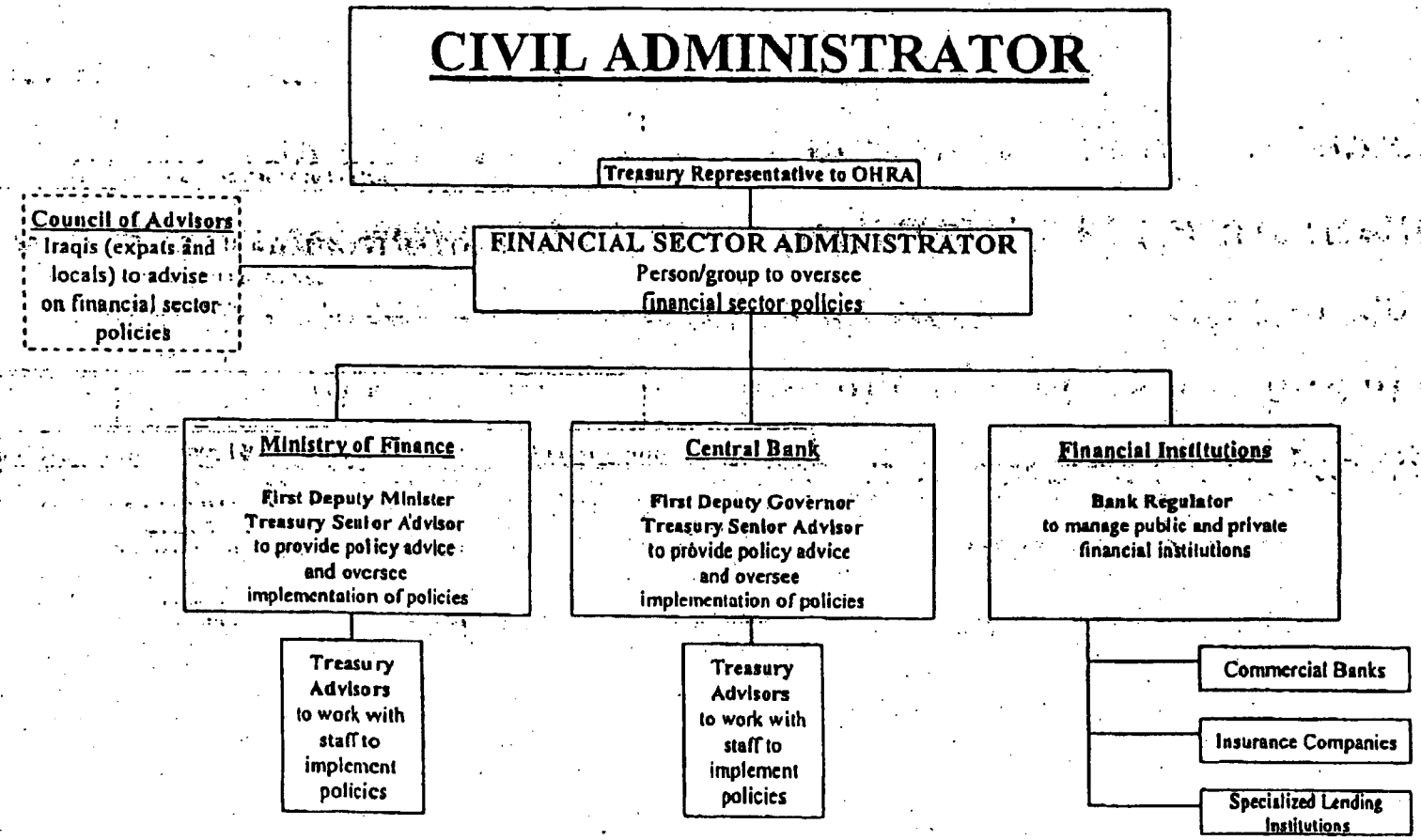
Who will administer the Iraqi Financial Sector?

STRUCTURE: Option 1


CIVIL ADMINISTRATOR
Treasury Representative to OHRA
Council of Advisors
Iraqis (expats and locals) to advise on financial sector policies
FINANCIAL SECTOR ADMINISTRATOR
Person/group to oversee financial sector policies
Ministry of Finance
First Deputy Minister
Treasury Senior Advisor
to provide policy advice and oversee implementation of policies
Central Bank
First Deputy Governor
Treasury Senior Advisor
to provide policy advice and oversee implementation of policies
Financial Institutions
Bank Regulator
to manage public and private financial institutions
Treasury Advisors to work with staff to implement policies
Treasury Advisors to work with staff to implement policies
Commercial Banks
Insurance Companies
Specialized Lending Institutions

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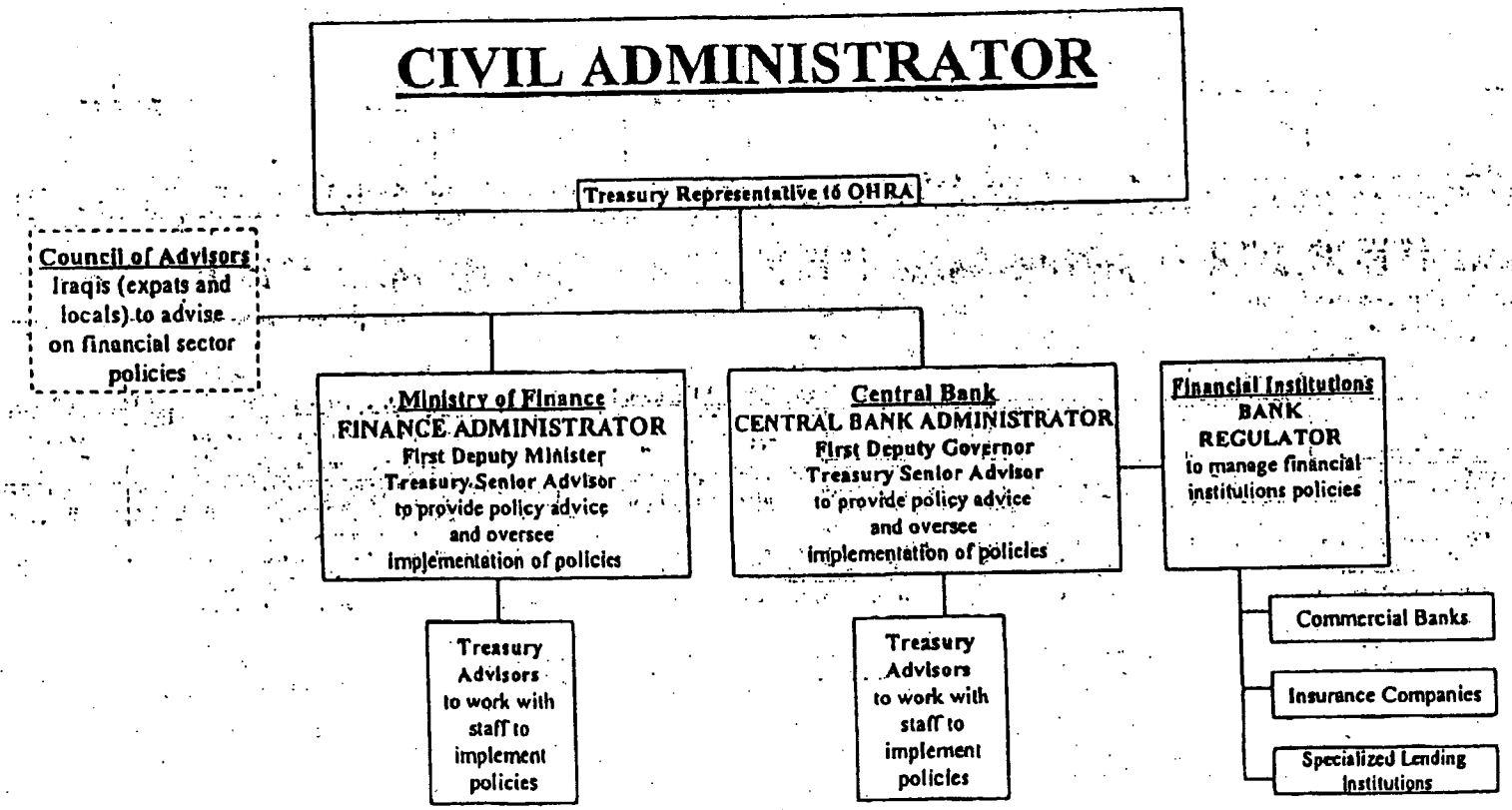
Who will administer the Iraqi Financial Sector?

STRUCTURE: Option 2



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Actions: Prior to Hostilities

- Gather crucial information on the entire financial system (including the informal sector)
- Select Financial Administrator(s) for Financial Sector
- Select Treasury Advisors
- Identify sources of revenues
- Decide on essential expenditures (e.g., civil service salaries, pensions, prioritize payments under Oil for Food)
- Decide on a currency regime
- Decide how many Iraqi civil servants will be paid and how much
- Prepare to seize illicit assets

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Actions by Coalition in the first 48 hours
(before Civil Administration is in place)

- Suspend all transactions by Iraqi financial institutions
- Secure and protect financial assets and electronic/paper records of the banks, ministries, and palaces
- Reassure the public that salaries and pensions will be paid, and Iraqi assets will be protected for the Iraqi people
- Begin vetting leadership in financial sector, controlling public access to facilities

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Immediate Actions Required by the Civil Administration

- Begin identifying First Deputy Ministers (and Iraqi Advisors) in finance ministry, central bank and financial institutions and establish lines of communication within ministries, financial institutions

- Determine condition of payments system and make necessary repairs to ensure salaries and contracts are paid

- Begin reviewing electronic and paper financial records for terrorist financing, money laundering and illicit money transfers

- Begin assessing and cataloguing secured financial assets

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Actions: By the Civil Administration for the duration of the transitional period: Months 1-3

Central Bank

- Identify key personnel
- Decide on interim monetary policy
- Assess banking health
- Extinguish Saddam dinars

Ministry of Finance

- Identify key personnel
- Outline measures to counter terrorist financing and money laundering
- Draft a budget without central bank financing
- Ensure payments system works

Financial Institutions

- Identify assets/staff
- Carry out basic banking functions
- Link banks to government payments system

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Actions: By the Civil Administration for the duration of the transitional period: Until Hand-off

Central Bank

- Coordinate policy and strategy for payments under Oil for Food
- Design bank regulatory and supervisory agency
- Prepare to transfer trade finance function to financial institutions

Ministry of Finance

- Coordinate with donors; resolve IMF and World Bank arrears
- Develop debt strategy (domestic and external)
- Develop anti-terrorist financing and money laundering legislation
- Prepare to liberalize prices

Financial Institutions

- Assess balance sheets and develop restructuring plan
- Close bad banks
- Prepare to hand over banks

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Actions Post Hand-off

- Privatization of large state enterprises
- Trade regime
- Foreign debt strategy
- Foreign investment regime
- Labor policies
- Best practices and outreach to charities

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Issues for Decision

- Dealing with the financial institutions
- Dealing with frozen and illicit assets
- Issues for the Coalition

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Dealing with the Financial Institutions

Goal: Ensure provision of essential financial services until hand-off to responsible Iraqi national

Which financial institutions? 4 commercial banks, 7 specialized credit banks, 3 insurance companies and a stock exchange

How will it be done?

- Each institution will be seized and controlled by a US adviser, reporting to a Banking Regulator/CEO, who will report to the Financial Administrator(s)
- Assets will be catalogued and recorded
- Staff will be screened, balance sheets assessed, and AML/TF due diligence practices implemented
- For banks, a restructuring plan will be developed (some unnecessary banks may be closed)
- Viable institutions will be handed over to responsible Iraqis

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Dealing with Frozen and Illicit Assets

Two Issues:

- What to do with assets frozen in the US and abroad
  - Vesting vs. Unfreezing
  - Possible uses of vested or unfrozen assets

- What to do about illicit Iraqi assets
  - Timing of action (pre vs. post conflict)
  - Mechanics of any action will depend on timing

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Issues for the Coalition

- International financial assistance
- Debt relief
- Frozen assets and asset recovery

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TAB B

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TAB C

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~~SECRET~~ [redacted] (b)(3)

10 March 2003

MEMORANDUM FOR: Deputy Director for Central Intelligence

FROM: [redacted] (b)(3)
Iraq Issue Manager

SUBJECT: [redacted] Scenesetter for Deputies Committee Meeting on Black/White/Gray Lists, 11 March 2003 (b)(3)

1. [redacted] **Background.** The Deputies are scheduled to receive a five-minute update on the status of the interagency effort to establish black/white/gray lists of Iraqis for use in the run-up to and in the immediate aftermath of hostilities. The lists comprise individuals whom the USG would seek to apprehend, detain for questioning, or release/integrate into a reformed Iraqi bureaucracy. There are numerous subsets and uses for these lists. CIA has been working this issue with State and DIA as part of an interagency process. [redacted] (b)(3) (b)(1) (b)(3)

2. [redacted] **Talking Points.** Let me address the issue of lists at two different levels. (b)(3)

3. [redacted] (b)(1) (b)(3)

4. [redacted] Second, the interagency has agreed on definitions for the black/apprehend, gray/detain, and white/release lists. We have made the most progress on the black list. (b)(3)

- The black list includes the pillars of the regime, those with the greatest responsibility for serious human rights abuses, those of greatest interest for WMD, and those with the greatest potential to obstruct a US military campaign. There are currently

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about 100 names on this list. The top 52 are prioritized; this list incorporates the names from earlier smaller, black lists that were produced in response to ad hoc requests. Once the NSC approves this list, an unclassified version of it can be made available to CENTCOM to aid in the apprehension of those guilty of war crimes or senior members of the regime who need to be off the streets.

- The gray list, which comprises some 300 names, consists primarily of officials whose regime loyalty and potential willingness to support the coalition's aims are unclear. As we receive more information, we anticipate that many of these officials will move to the black or white lists.

- The white list is the least developed. [redacted] (b)(1) (b)(3) It consists of prominent Iraqis opposed to the regime who support US objectives as well as technocrats whose expertise would be crucial to running a post-Saddam Iraq.

4. [redacted] (b)(3) A key question for the Principals is how to operationalize these lists. If the Principals were to opt to use the black and gray lists as the basis for a program to aggressively apprehend or detain selected officials, they would need to determine how deep into the lists to go, how to prioritize these apprehensions, and what resources should be made available to carry them out.

- Working level Pentagon representatives have stressed that they would like to keep an apprehension list as small as possible and that the priorities should be: force protection, WMD, terrorism, and then war crimes.

- State wants to ensure that key war crimes suspects receive adequate attention and can be expected to press for reaching deeper down in the lists.

- The fact that the many of the figures on the black list, particularly the list of 52, are there for multiple reasons could make it easier for principals to resolve this issue.

5. [redacted] (b)(3) Attached are copies of the agreed-upon definitions, the list of 52, and a more detailed backgrounder on the lists.

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Background on Black, Gray, and White Lists (b)(3)

(b)(3) The Intelligence Community has been asked to prepare a variety of lists since last September focusing on key Iraqi regime "movers and shakers." The Black, Gray, and White lists represent the largest and most comprehensive of these undertakings.

- The Black List has variously been described as a list of top regime players, those that Washington would never again want to see participate in government, and – pending decisions by principals – a potential list of personnel that Washington might want to take steps to aggressively apprehend.

(b)(3) The Black List currently contains some 100 interagency coordinated names divided into two tiers. The top tier contains a prioritized list of the regime's 52 most important players.

- Most of the previous regime lists the Community has been asked to prepare have been incorporated into the top tier

(b)(3)

(b)(1)
(b)(3)

(b)(3) The second tier Black List names are listed alphabetically. The listees are also considered important movers and shakers, but analysts found it virtually impossible to assign rankings to the list after reaching number 52.

(b)(3) The Gray List contains some 300 nominees presented alphabetically. The List consists of officials and other persons, that either by nature of their position, or because of fragmentary information, the Community suspects have played key roles within the regime and/or have important information about, or links to, war crimes and WMD. Their loyalty to the regime and potentia ss to support coalition aims are unclear. (b)(3)

- Although the building and maintenance of the Lists will be a dynamic process, and we anticipate movement of some people between all three categories as our information expands, we expect the largest movement to take place to and from the Gray List. The Intelligence Community is scheduled to hold a day-long coordination meeting to finalize both the Gray and White Lists tomorrow (Tuesday).

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[redacted] The White List, consisting of prominent Iraqis who are known to oppose the regime, are not known to have committed human rights abuses, and support US plans for reform; expatriates; and capable, resident technocrats whose expertise might be crucial to running a post-Saddam government; is the least developed (65 nominees) and in some ways the most politically sensitive of the lists. (b)(3)

[redacted] (b)(1) (b)(3)

- The Department of State plans to put forward a significant number of expatriates that have been affiliated with the Future of Iraq project, but working level officers at State are worried that the Pentagon will find many unacceptable.

[redacted] (b)(1) (b)(3)

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(b)(3)

Black List Top 52 Iraqi Personalities in Priority Order
25 February 2003

Name	Position	Reason for Detention and/or Disposition
1. **Saddam Husayn**	**President**	Regime, War crimes suspect, WMD
2. **Qusay Saddam Husayn al-Tikriti**	**Supervisor of Special Security Organization (SSO), Special Republican Guard (SRG), and Republican Guard (RG)/Ba'th Party Military Bureau Deputy Chairman**	Regime, War crimes suspect, WMD
3. **Uday Saddam Husayn al-Tikriti**	**National Assembly member/Olympic Chairman**	Regime, War crimes suspect
4. **Abid Hamid Mahmud al-Tikriti**	**Presidential Secretary**	Regime, Possible War crimes material witness, WMD
5. **Ali Hasan al-Majid al-Tikriti**	**Presidential Adviser/Revolutionary Command Council (RCC) member**	Regime, War crimes suspect, WMD
6. **Izzat Ibrahim al-Duri**	**RCC Vice Chairman**	Regime, War crimes suspect
7. **Hani 'Abd al-Latif Tilfah al-Tikriti**	**SSO Director**	Regime, War crimes material witness, WMD
8. **Aziz Salih al-Numan**	**Ba'th Party Regional Command Chairman responsible for Baghdad al-Resafa**	Regime, War crimes suspect
9. **Muhammad Hamza Zubaydi**	**Retired RCC Member**	Regime; War Crimes suspect
10. **Kamal Mustafa Abdallah Sultan al-Tikriti**	**RG Secretary**	Regime, War crimes suspect
11. **Barzan Abd al-Ghafur Sulayman Majid al-Tikriti**	**SRG Commander**	Regime

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12. Muzahim Sa'b Hasan al-Tikriti Director	**Air Defense Commander/Deputy Director Office of Military Industrialization (OMI)**	Regime, War crimes material witness, WMD
13. Ibrahim Ahmad Abd al-Sattar Muhammad al-Tikriti	**Armed Forces Chief of Staff**	Regime
14. Sayf al-Din Fulayyih Hasan Taha al-Rawi	**RG Chief of Staff**	Regime
15. Rafi Abd al-Latif Tilfah al-Tikriti	**Directorate of General Security (DGS) Director**	Regime, Possible War crimes material witness
16. Tahir Jalil Habbush al-Tikriti	**Iraqi Intelligence Service (IIS) Director**	Regime, Possible War crimes material witness
17. Hamid Raja Shalah al-Tikriti	**Air Force Commander**	Regime, Possible WMD
18. Latif Nusayyif Jasim al-Dulaymi	**Ba'th Party Military Bureau Deputy Chairman**	Regime, War crimes material witness
19. Abd al-Tawab Mullah Huwaysh	**OMI Director/Deputy Prime Minister**	Regime, WMD
20. Taha Yasin Ramadan al-Jizrawi	**Vice President/RCC Member**	Regime, War crimes suspect, WMD
21. Rukan Razuki Abd al-Ghafar Sulayman al-Majid al-Tikriti	**Head of Tribal Affairs Office**	Regime, War crimes suspect
22. Jamal Mustafa Abdallah Sultan al-Tikriti	**Deputy Head of Tribal Affairs Office**	Regime, War crimes suspect
23. Mizban Khadr Hadi	**RCC Member**	Regime
24. Taha Muhyi al-Din Maruf	**Vice President/RCC Member**	Regime, War crimes material witness
25. Tariq Aziz	**Deputy Prime Minister/RCC Member**	Regime, War crimes suspect
26. Walid Hamid Tawfiq al-Tikriti (not on earlier CIA regime 48 list)	**Governor of Basrah Governorate**	Regime, WMD
27. Sultan Hashim Ahmad al-Tai	**Defense Minister**	Regime, War crimes material witness
28. Hikmat Mizban Ibrahim al-Azzawi	**Deputy Prime Minister and Finance Minister**	Regime, Possible WMD
29. Mahmud Dhiyab al-Ahmad	**Minister of Interior**	Regime
30. 'Ayad Futayyih Khalifa al-Rawi	**Quds Force Chief of Staff**	Regime, War crimes suspect

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31. Zuhayr Talib Abd al-Sattar al-Naqib	**Director of Directorate of Military Intelligence**	Regime
32. Amir Hamudi Hasan al-Sadi (not on original CIA regime 48 list)	**Presidential Scientific Adviser**	Regime, WMD
33. Amir Rashid Muhammad al-Ubaydi	**Presidential Adviser/Former Oil Minister**	Regime, WMD
34. Husam Muhammad Amin al-Yasin (not on earlier CIA regime 48 list)	**Head of NMD**	Regime, WMD
35. Muhammad Mahdi al-Salih (not on earlier CIA regime 48 list)	**Minister of Trade**	Regime, Possible WMD
36. Sabawi Ibrahim Hasan al-Tikriti	**Presidential Adviser**	Regime, War crimes suspect
37. Watban Ibrahim Hasan al-Tikriti	**Presidential Adviser**	Regime, War crimes suspect
38. Barzan Ibrahim Hasan al-Tikriti	**Presidential Adviser**	Regime, War crimes suspect
39. Huda Salih Mahdi 'Ammash	**WMD Scientist/Ba'th Party Regional Command member**	Regime, WMD
40. Abd al-Baqi Abd al-Karim al-Abdallah al-Sadun	**Ba'th Party Regional Command Chairman for Baghdad-Karkh District**	Regime
41. Muhammad Zimam Abd al-Razzaq al-Sadun	**Ba'th Party Regional Command Chairman for Ta'mim and Ninawa Governorate**	Regime
42. Samir Abd al-Aziz Al-Najim (not on earlier CIA regime 48 list)	**Acting Oil Minister/Possibly still Ba'th Party Regional Command Chairman for Diyala Governorate**	Regime
43. Humam Abd al-Khaliq Abd al-Ghafur (not on earlier CIA regime 48 list)	**Minister of Higher Education and Scientific Research**	Regime, WMD
44. Yahya Abdallah al-Ubaydi	**Ba'th Party Regional Command Chairman for Basrah Governorate**	Regime
45. Nayif Shindakh Thamir Ghalib	**Ba'th Party Regional Command Chairman of Salah ad-Din Governorate**	Regime
46. Sayf al-Din al-Mashhadani	**Ba'th Party Regional Command Chairman for al Samawah Governorate**	Regime

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47. Fadil Mahmud Gharib aka Gharib Muhammad Fazel al-Mashaikhi	**Ba'th Party Regional Command Chairman for Babil and Karbala Governorates**	Regime
48. Muhsin Khadr al-Khafaji	**Ba'th Party Regional Chairman for An Najaf and al Qadisiyah Governorate**	Regime
49. Rashid Taan Kazim	**Ba'th Party Regional Chairman for Al-Anbar Governorate**	Regime
50. Ugla Abid Sighar al-Kubaysi aka Saqr al-Kabisi Abd Aqala	**Ba'th Party Regional Command Chairman for Maysan Governorate**	Regime
51. Ghazi Hammud al-Ubaydi	**Ba'th Party Regional Chairman for the Wasit Governorate**	Regime
52. Adil Abdallah Mahdi	**Ba'th Party Regional Chairman for Dhi Qar and Muthanna Governorates**	Regime

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The INTELLIGENCE COMMUNITY'S BLACK, GRAY, AND WHITE LISTS

Black List (Apprehend)

- Top military, security, intelligence, WMD, political, militia leaders, or Saddam family members inextricably linked to the Iraqi leader, particularly those who ordered and/or implemented the regime's brutal policies. These individuals would pose obstacles to any acceptable successor regime.
- Officials and other individuals known to have been involved in human rights abuses and/or war crimes or who have links to terrorist acts or groups.
- Officials and other individuals positioned to operationally threaten or obstruct a Coalition military campaign.

Gray List (Detain if Encountered)

- Top officials in, or associates of, the military, security, intelligence, WMD, government, militia, Saddam family members, or other individuals who may have had ties to the Iraqi leader or sensitive programs, but whose intentions toward a successor regime and willingness to work with the Coalition are unknown.
- Individuals who oppose the regime, but whose intentions and willingness to work with the Coalition are unknown.

White List (Work With)

- Individuals who oppose the Saddam regime, are not known to have committed human rights abuses, and are believed to support Coalition plans for reforming Iraq, based on their track record of previous dealings with US officials and/or their anticipated ability to positively influence events.
- Capable technocrats who may never have opposed Saddam's regime, but whose expertise would be crucial to running a post-Saddam government.

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